

## LNF & IHCIF Calculations Illustration

### - COEUR D'ALENE in Portland area -

#### Given Data

- 3,085 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 23% = % Expenditures on purchased services, 77% = % expenditures in-house
- 111.4% = Cost index for purchasing health care in this geographic area
- 119.6% = Size cost index for in-house costs due to small or large size
- 96.9% = Portland area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$752 per person for purchased services =  $23\% * 111.4\% * \$2,980$
- \$2,757 per person for in-house services =  $77\% * 119.6\% * \$2,980$
- \$3,509 per person total = \$752 (purchase) + \$2,757 (in-house)
- **\$3,401 per person total** adjusted for health status =  $\$3,509 * 96.9\%$
- **\$2,656 per person net cost** =  $\$3,401 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 3,085 users excluding wrap-around and collections)

- \$1,281 per person = local IHS allowance (excludes \$ for wrap-around)
- \$152 per person = expenditures elsewhere in Portland area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,488 per person for OU users** =  $\$1,281 + \$152 + \$54$

#### LNF Calculation

- **43.7% Gross LNF** =  $\$1,488$  (expenditures) /  $\$3,401$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **56.0% Net LNF** =  $\$1,488 / \$2,656$  net cost ( $\$3,401 - \$745$  other)

#### IHCIF Allocation

- \$326,741 = \$ to raise LNF% from 56.0% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$11,397 Allocation** =  $\$326,741$  needed for 60% \* 3.488% IHCIF fraction

#### COEUR D'ALENE Unmet Needs

- **\$8,192,989 Net Total Need** = 3,085 users \* \$2,656 net cost
- **\$3,603,937 Net Unmet Need** =  $(100\% - 56.0\% \text{ LNF}) * 3,085 \text{ users} * \$2,656$  net cost